

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
International Merchandise Return Service Agreements  
With Foreign Postal Operators  
Non-Published Rates

Docket No. MC2015-68

Competitive Product Prices  
International Merchandise Return Service Agreements  
With Foreign Postal Operators  
Non-Published Rates (MC2015-68)

Docket No. CP2015-99

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued July 24, 2015)

To clarify issues raised by the Postal Service's request to add Competitive International Merchandise Return Service Agreements with Foreign Postal Operators (IMRS-FPO) to the competitive products list,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions. Answers to each question should be provided as soon as they are developed, but no later than July 28, 2015.

1. In its Request, the Postal Service states that it "anticipates that it will renegotiate the rates provided in each agreement, if the rates fall outside the rate ranges in effect at the time." Request at 5. Additionally, in the model agreement filed with this Request, Article 23 states that the contract will "remain in effect indefinitely." *Id.*, attachment 5 at 6. Given the Postal Service's intention to renegotiate rates as described above, and the indefinite nature of IMRS-FPO agreements, please confirm whether it is possible for such agreements to remain in effect with rates

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<sup>1</sup> Request of the United States Postal Service to Add Competitive International Merchandise Return Service Agreements with Foreign Postal Operators (IMRS-FPO) Product to the Competitive Products List and Notice of Filing IMRS-FPO Model Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, July 10, 2015 (Request).

that do not cover their attributable costs during negotiations between the Postal Service and the Foreign Postal Operator. If confirmed, please explain why the Postal Service believes that such agreements would comply with 39 U.S.C. § 3633(a). If not confirmed, please identify what provisions of the model agreement, or explain what steps the Postal Service plans to take, to ensure that the rates in IMRS-FPO agreements cannot fall below the rate range most recently approved by the Commission.

2. Article 19 of the model agreement states that:

“The amendment may be contingent upon any and all necessary approvals by USPS management, the USPS Governors, the USPS Board of Governors, and/or the U.S. Postal Regulatory Commission. If such approvals are required, the Amendment will not become effective until such time as all necessary approvals are obtained.”

Request, Attachment 5 at 5.

In contrast, the Postal Service’s Request states that “[c]onsistent with regulatory requirements, the Postal Service plans to file *any* amendments or modifications to the agreements with the Commission as the amendments or modifications take place.” Request at 5 (emphasis added).

- a. Please confirm that all amendments to IMRS-FPO agreements will be filed with the Commission at least 15-days prior to their effective date, pursuant to 39 C.F.R. § 3015.5.
  - b. If not confirmed, please give examples of the types of amendments that would, or would not, need to be filed with the Commission and explain the bases for these determinations.
3. In Excel file “IMRS-FPO Model 7-7-15 Final”, tab “01\_Inputs”, cells “B104 to B140,” the Postal Service identifies 37 foreign postal operators in countries and

territories with which it may enter into IMRS-FPO agreements. Additionally, in cells "C104 to C140," the Postal Service identifies percentage discounts off the IMRS-FPO rate formula that would apply to each of these countries or territories.

- a. Please confirm that the countries and territories listed in the above referenced Excel worksheet are the only countries and territories with which the Postal Service intends to negotiate IMRS-FPO agreements at this time. If not confirmed, please explain how IMRS-FPO rates for other countries and territories are to be calculated.
- b. Please confirm that the percentage discounts referenced in cells "C104 to C140" represent the maximum discounts that each country and territory would receive as part of an IMRS-FPO agreement.

By the Acting Chairman.

Robert G. Taub